FBIS DAILY REPORT

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POLICE INVESTIGATE ARMS CACHE IN FORMOSA

PY081647 Buenos Aires TELAM in Spanish 0002 GMT 7 Jan 86

[Text] Formosa, 6 Jan (TELAM) -- Formosa police are investigating an arms cache found in the El Pucu River in the southern part of the city. The arms cache includes ammunition of several calibers and Argentine and European-made military field gear.

The arms cache was found yesterday but was only reported today by the police and the Formosa Interior Ministry. A settler in the El Pucu area, 1 km from the local international airport, reported finding two detonators and fragmentation projectiles in the El Pucu River. The provincial police and members of the explosives brigade carried out an extensive search, which yielded numerous weapons found submerged in the river and in perfect condition.

Among the items found are 40-mm fragmentation projectiles, 50 hand and anti-tank grenades, mines, 36-mm flares, and TNT cakes. [Words indistinct], electric detonators, rolls of detonating cord, rolls of fast-ignition and slow-ignition fuse, several green markers, percussion fuses, and 9-caliber cartridges.

Also found were garbage bags, cyanide capsules, a large amount of an unspecified liquid, Swiss-made camping stoves, and other military equipment.

The case is in the hands of Judge Hugo Almenara, who labeled it "Finding of explosives and military ammunition." Meanwhile, police continued to patrol the area last night, and the investigation continues. It has been established that specially trained federal police personnel will arrive here within the next few hours to cooperate in the investigation.

BRIEFS

ARGENTINE SHIPS FOR POLAND -- Miguel Szelagowski, Argentine ambassador to Poland, reported in Mar del Plata that Argentina will build 12 vessels for Poland. Six will be built by La Alianza, where 10 other vessels have already been built for Poland, while the other six might be built by Afne Shipyards in Ensenada. [Summary] [Buenos Aires Domestic Service in Spanish 1600 GMT 6 Jan 86 PY]

INFANTRY COMMANDER INSTALLED -- Buenos Aires, 27 Dec (DYN) -- Army Deputy Chief of Staff General Mario Jaime Sanchez today installed General Luis Lategana as the new commander of the 10th Armored Infantry Brigade. [Excerpt] [Buenos Aires DYN in Spanish 1403 GMT 27 Dec 85 PY]

BRASILSAT TO BE USED IN ARMY MODERNIZATION

PY072041 Madrid EFE in Spanish 0830 GMT 6 Jan 86

[By Francisco Roque Bacarreza]

[Text] Brasilia, 6 Jan (EFE) -- According to information from Brasilia and rumors within high-ranking military circles, Brazil plans to have the largest army in Latin America, a project which enjoys the unqualified support of President Jose Sarney.

The plans establish that by 1990 the Brazilian Army will have 280,000 enlisted men. The renewal and modernization of the Brazilian Army are included in the so-called L990 KFT-90 land force plan which has two priorities already implemented. They are: territorial reorganization and communications.

The territorial reorganization provides for the division of the vast Brazilian geography into seven military commands instead of the five military commands that existed until October 1985. In keeping with this new plan, the Amazonas Military Command was established in Manaos while the Western Command, seated in Campo Grande, has been reinforced.

The second objective, which is to be achieved in January, concerns the modernization of the Armed Forces communications system through the use of computers and the satellite which will be linked to the high command and the Government Palace in Brasilia. The Armed Forces and the Embratel [Brazilian Telecommunications Company] have signed an agreement through which 2,400 channels of the Brasilsat satellite are placed at the disposal of the military in case of emergencies or war.

Army Minister General Leonidas Pires, 64, is one of the main promoters of the renewal and modernization project which has the president's full support.

The project is based on the self-sufficiency of Brazilian industry. Brazil is at present one of the main manufacturers of war materiel after the world powers, and its information industry is expanding rapidly.

According to statistics, at present Brazil has 183,000 men in its army, Argentina 100,000, Chile 96,000, Cuba 153,000, Mexico 95,000, Nicaragua 60,000, and Peru 75,000.

According to information published in Brasilia, the plans to reorganize the Army call for the use of the knowledge and experience of retired officers, who by the end of the decade will total about 16,000.

In addition to modernizing its cadres, the Army will update its arms through the incorporation of missiles for the defense of the Atlantic coast and the massive incorporation of Brazilian-made Urutu and Cascavel armored personnel carriers. These APC's, which are already in use, perform well in conventional war situations, as has been proven in the Middle East, where many countries import the Brazilian-made armored vehicles.

It has been established in high-ranking military circles that the project calls for building roads in border areas to enhance the mobilization of troops in emergencies.

Military analysts have noted that an important aspect of this Brazilian project is the importance granted to the western region. Apparently the new territorial organization has dropped one of the pillars of the authoritarian regimes of the past 21 years from the National Security Doctrine, that being the theory that communism is an enemy at the internal level.

UNIONS PREDICT YEAR OF CONFLICT, CONFRONTATION

PY040235 Sao Paulo FOLHA DE SAO PAULO in Portuguese 1 Jan 86 p 10

[By Roberto Camrago]

[Excerpt] A year of many mobilizations and strikes, not only in defense of economic gains, but in demand of real salary increases, salary readjustments every 3 months, reduction of working hours, as well as influence in the country's destiny in the political, economic, and social areas, is being predicted for 1986 by leaders of organized labor.

The high number of strikes in 1985 -- 500 through October, according to a preliminary survey conducted by the Interunion Department of Statistics and Socio-economic Studies (Dieese) --should be repeated this year, this time with a strong political cast, questioning agrarian reform, foreign debt, the new constitution, and other important national issues.

This prediction was made by the Sole Central Organization of Workers (CUT), an organization with Workers' Party (PT) orientation. This organization met on 15 November in Sao Bernardo do Campo, in the southeast region of Greater Sao Paulo, and, at the end of its national plenum, approved a 6-point program for 1986 known as the National Struggle Campaign, which calls for: 1) Reduction of the working week to 40 hours; 2) Agrarian reform under workers' control; 3) Salary readjustments every 3 months; 4) An unemployment salary; 5) A real minimum salary; and 6) Essential goods price freeze, protecting the interests of the small producers.

"There will be strikes by the hundreds; this prediction can be made safely," CUT Secretary General Paulo Renato Paim, 35, president of the Canoas Metalworkers Union of Rio Grande do Sul, said. Another prediction was made by Sao Paulo Metalworkers Union Joaquin dos Santos Andrade, 59, coordinator of the National Congress of the Working Classes (Conclat): "Confrontation will be the hallmark of 1986." He said that the confrontation will be with the government in case it tries to control inflation by putting a lid on salaries alone.

On the businessmen's side, Roberto Della Manna, 48, director of the Union Cooperation Department of the Industries Federation of Sao Paulo State (Fiesp), says: "We are gearing up for a year of difficult labor negotiations marked by radicalization on the part of some union leaders. We will negotiate within the means of our enterprises."

BRIEFS

SCIENTIFIC ACCORD WITH ARGENTINA -- Brazil and Argentina yesterday signed an agreement for the implementation of projects in the field of biotechnology. Brazil will supply Argentina with technology for the manufacture of reagents for diagnoses, vaccines, and seeds. In exchange, Argentine enterprises will provide Brazil with technology on new reagents for human, animal, and vegetal diseases. The total cost of the project will be approximately $20 million. [Summary] [Rio de Janeiro JORNAL DO BRASIL in Portuguese 6 Jan 86 p 14 PY]

RAMIREZ 'SATISFIED' WITH NICARAGUAN EXPLANATION

PA071835 Bogota Television Service in Spanish 1730 GMT 7 Jan 86

[Text] Foreign Minister Augusto Ramirez has stated that he is satisfied with the answer the Nicaraguan Government has provided to the questions posed about Nicaragua's position regarding the guerrilla activities of the M-19.

The minister received a letter from the Nicaraguan foreign minister in which it is explained that the arms found in the Palace of Justice following the attack were not under the Sandinist authorities' control, in spite of the fact that according to their serial numbers some of them were part of a cache delivered by Venezuela during the revolution and others had been sold by the United States to the Somozist guard.

The Nicaraguan letter explains that Tomas Borge's presence at a mass in Managua at which an M-19 flag was displayed was due to the fact that the mass was for a deceased Nicaraguan minister.

Further Explanation Sought

PA080442 Bogota Television Service in Spanish 0000 GMT 8 Jan 86

[Text] Despite the fact that Nicaraguan President Daniel Ortega considers the explanations given by his government to the Colombian Government on the alleged Nicaraguan participation in the terrorist assault on the Palace of Justice to be satisfactory, the Foreign Ministry has sent a message to the government headed by Ortega, affirming that the Nicaraguan Government note does not sufficiently clarify the events that occurred during a mass celebrated in that country, with regard to an altar cloth that was actually an M-19 flag. Nor has the participation in that mass of the Interior Minister Tomas Borge been clarified. One might say that not all the problems affecting the relations between Colombia and Nicaragua have been cleared up.

FOREIGN MINISTER ON 1986 PLANS, U.S. ENVOY

Says Taylor Meeting Surprising

PY071837 [Editorial Report] Asuncion Cerro Cora Sistema Nacional Television in Spanish at 1500 GMT on 7 January during its regular "News Division" program carries a 3-minute clip on an interview granted today at Government Palace by Foreign Minister Carlos Augusto Saldivar to reporter Miguel Angel Rodriguez. After meeting with President Stroessner, Saldivar told Rodriguez that he had outlined a plan of action for 1986 and that on 2 January he briefed "heads of mission accredited to Paraguay on Paraguayan domestic and foreign policy. Today I briefed the president on the status of implementation of this plan." Saldivar added that the plan includes "our relations with countries from the northern part of South America, Central America, the Caribbean, and Mexico."

Saldivar announced that Justice Minister J. Eugenio Jacquet will head the Paraguayan delegation to the Guatemalan presidential inauguration. He also commented on the status of negotiations with the Uruguayan Government on LAP and PLUNA flights to Montevideo and Asuncion, respectively, and on trade with Chile.

At the end of the 3-minute clip, anchorman Ernesto Garcia read an AFP report on the meeting held by U.S. Ambassador Clyde Taylor with members of the National Accord and said: "Foreign Minister Saldivar has thus far declined to comment on this issue." Asuncion Red Privada da Teledifusora Paraguaya Television in Spanish at 1500 GMT on 7 January during its regular noon newscast carries 1-minute clips on interviews with Colorado deputies Salvador Ruben Paredes and Vicente Battaglia on Ambassador Taylor's meeting with National Accord leaders.

Paredes said this move "could in some cases even endanger the quite good understanding that currently exists between the United States and Paraguay." He added."We Colorado Party members have had a previous case, and the current U.S. ambassador should be careful not to follow the example of a notorious character like Mr [former U.S. ambassador Robert] White, who really tried to meddle in our country's political affairs. Thus, it could be said that we Colorado members are prejudiced against a foreign ambassador who unexpectedly seeks to contact people who are not legally authorized to engage in politics, and we feel that the ambassador is somehow showing disrespect for our institutional order."

Deputy Bataglia termed "a little surprising" the meeting held by Ambassador Taylor with National Accord leaders. He added: "I believe the meeting shows a lack of courtesy; it was an unfriendly move because all parties taking part in our democratic system have opened their doors to him to give him information."

U.S. Ties Not Affected

PY080002 Asuncion ULTIMA HORA in Spanish 7 Jan 86 p 10

[Text] According to Foreign Miniser Carlos A. Saldivar, the incident caused by a meeting held between U.S. Ambassador Clyde Taylor and members of the National Accord "does not affect our relationship with the United States." Yesterday Saldivar held a long meetiag with the U.S. ambassador , and this morning he met with the head of state to discuss that meeting. "Actually nothing happened, that is to say the incident 'has been overcome.' I believe that these incidents should not and do not affect our relationship with the United States nor the traditional Paraguayan position on the international scene, which coincides with that of the United States," Saldivar said.

Foreign Minister Carlos A. Saldivar made these statements to ULTIMA HORA when asked about the conclusions of his long meeting with U.S. ambassador to Paraguay Clyde D. Taylor concerning a meeting the latter held with members of the National Accord.

Foreign Minister Saldivar this morning held a meeting with the head of state, General Alfredo Stroessner, to whom he reported in detail on the issues discussed with the chief of the diplomatic mission of the great northern nation.

"Among other things, I reported to Mr President on the talks I held with the U.S. ambassador concerning issues involving the relationship between the two nations. The ambassador and I reviewed all the questions concerning bilateral relations and, since he is accredited to the national government, we also discussed all the articles published by the press in the past few days," Saldivar said, referring to the much talked-of meeting held between Taylor and the members of the National Accord.

Asked about the Paraguayan stand outlined to the U.S. ambassador, Saldivar stated: "We have outlined the traditional policy of the Republic of Paraguay toward the United States of America on international matters and in the domestic field. On international matters we have a pro-Western and Christian stand consistent with that of the United States, and we also find agreement in the fact that the two nations are respectful of domestic affairs, and non-intervention in the internal affairs of other states is a cornerstone of the U.S. laws," the foreign ministers stated.

In conclusion, it is appropriate to note that this morning Ambassador Taylor refused to talk to the press about the meeting held with Minister Saldivar.

Deputy Sees Interference

PY080202 Asuncion ULTIMA HORA in Spanish 7 Jan 86 p 11

[Excerpt] Martin Chiola, national deputy and member of the government junta, has rejected the interference in the domestic affairs of our country by stating that "Paraguay ceased to be a colony in 1811 and has always defended the principle of non-intervention to the final outcome."

Chiola also stated that the national dialogue must be carried out with valid and representative interlocutors so that it can be effective.

This morning Martin Chiola, national deputy and member of the government junta, in referring to the meeting the U.S. ambassador held with the opposition gathered under the National Accord, said that: "In my opinion, according to what was published by the media and despite the ambassador's denial, if that is what it was, the meeting represents direct intervention in the domestic affairs of our country. As far as we are concerned, Paraguay ceased to be a colony in May 1811, and struggled to the end to defend the principle of non-intervention during the Cerro Cora holocaust."

He added that "I as a citizen, just as the rest of all good Paraguayans, feel offended by this interference in our domestic policy. We Paraguayan citizens are capable of solving our own problems and do not need foreign or alien participation in our domestic affairs, since we can handle them ourselves."

Opposition Deputy Supports Envoy

PY071217 Asuncion ULTIMA HORA in Spanish 6 Jan 86 p 10

[Text] Radical Liberal Party Deputy Ramon Concepcion Lezcano Torres has said that U.S. Ambassador Clyde Taylor has not attempted to meddle in our domestic affairs because he began meeting with parties to get first-hand knowledge from that source." [quotation marks as published]

He added: "It should be taken into account that the diplomat also visited the Colorado Pary Executive Board and the Febrerista Revolutionary Party. He has also announced that he will talk with Radical leaders. The only objective of all these actions by the ambassador is to gather information on the situation prevailing in our country." "I believe there are several inconsistencies concerning this issue. When one talks to the opposition, there is intervention in our domestic affairs, but nothing happens if visitors or an ambassador talks with Colorado Party leaders. As we can see, this is not very consistent," he added.

"I believe the dialogue Ambassador Taylor is holding with our politicians has positive repercussions. It is good that he learned about the real situation in our country. It would also be advantageous for him to visit the shantytowns and meet the leaders of peasants, workers, cattle raisers, the Paraguayan Industrial Union, and Feprinco [Industrial and Commercial Federation] to obtain significant information on our situation, because the information provided by the government will hardly provide him with an accurate picture of our situation," he stressed.

"I reiterate that this is not intervention because there has been only a cordial dialogue. There would have been intervention if the diplomat had given instructions to the parties," he remarked. Lezcano concluded by saying: "I think it is feverish to say that this involves recognition of the National Accord. This decision must be made calmly by the people."

CHURCH TO MEDIATE GOVERNMENT-OPPOSITION TALKS

PY080011 Paris AFP in Spanish 1508 GMT 7 Jan 86

[Text] Asuncion, 7 Jan (AFP) -- Paraguayan Episcopal Conference (CEP) Secretary General Msgr Jorge Livieres Banks today told the press that the Catholic Church will support all political and social initiatives leading to the promotion of unity and dialogue among Paraguayans. Livieres thus responded to a petition made by leaders of the National Accord -- which, according to the regime, is made up of irregular parties with the exception of the Febrerista Revolutionary Party -- to mediate in a dialogue between all the country's political and social sectors and the government of General Alfredo Stroessner.

The prelate explained that the church's ideal is to promote a social framework in which it it possible to undertake tasks for the unity and solidarity of all Paraguayans, without any discrimination, toward the achievement of the common good.

The mediation, which Livieres Banks and Msgr Oscar Paez Garcete oversee, will immediately contact the opposition leaders to learn about their project for a national dialogue. The prelates announced that afterward they will start talks with the government, businessmen, professionals, trade unions, and peasant leaders.

ENERGY AND MINES MINISTER DISCUSSES OIL CONTRACTS

PY070259 Lima Panamericana Television Network in Spanish 0100 GMT 6 Jan 86

[Excerpts] So far, one of the most difficult decisions the government has had to make was, without doubt, the signing of new contracts with Oxy-Bridas and Occidental Petroleum, and the exclusion of Belco Petroleum. Energy and Mines Minister Wilfredo Huayta talked with Alejandro Guerrero about this important issue, which has created great national interest.

[Guerrero] The oil issue and the signing of new contracts with the oil companies have created great national interest. However, there are some issues not yet sufficiently clarified. I had an opportunity to talk with Minister Wilfredo Huayta on the oil issue.

[Begin recording] [Guerrero] What has really happened with Belco? For some people this issue is not very clear. Has Belco been expropriated, or nationalized, or simply had its contract cancelled? What is Belco's real situation?

[Huayta] Decree 389 cancelling the contracts with the three companies, Occidental, Oxy-Bridas, and Belco clearly points out the steps to be taken in signing new contracts. The basic condition for a new contract was that the companies accept that the tax exemptions granted for exploitation must now be invested for exploration; that was the spirit of Law 2323-1. Because of the improper application of that law, in the last 4 years Peru lost 200 million barrels of oil reserves. Belco submitted a proposal to invest only $85 million out of the $125 million that it should have promised to invest in oil exploration; and Belco did not submit an investment timetable or an established program. This is one reason. By not complying with the decree the negotiations became very difficult. When Belco was asked how much it would charge to extract a barrel of oil, it responded that the fee would be 120 percent of the oil's value. My answer was that we could not subsidize Belco just to maintain production. In addition to these two problems, there were also others making dialogue almost impossible; our positions were different.

Therefore, there was no appropriate atmosphere in which to sign a new contract. On the other hand, we discussed things clearly and in the open with Occidental Petroleum, explaining our position. By evaluating our technological expertise we were able to determine how much it would really cost to extract a barrel of oil; therefore a verbal agreement was reached.

[Guerrero] There is no expropriation then; there is only a cancellation of a contract.

[Huayta] Absolutely, there is no confiscation or expropriation. It is the conclusion of a pr cess lasting 120 days. Belco was exploiting the oil fields very inefficiently, and now the state petroleum agency [Petroperu] has taken over exploration and production.

[Guerrero] Can Belco use some of its equipment to continue working in other areas of Peru?

[Huayta] Definitely, there is a commission now studying and selecting the equipment Petroperu would need to operate with the same efficiency as Belco. The remaining equipment belongs to Belco. They can use it [words indistinct] for other activities in Peru or in Ecuador, as Belco apparently plans to do.

[Guerrero] A contract or an agreement has been cancelled. But are the doors open so that this company could return to work in other sectors and under different conditions?

[Huayta] We never refused to talk. We never denied that company any rights; it was just that its proposals were not acceptable to the interests of the country.

[Guerrero] The cancellation of the contract with Belco has created a commotion in the country, especially among political groups. As you might recall, Alfonso Barrantes promised during his presidential campaign to nationalize [words indistinct] if he were elected president. Apparently Barrantes fully agrees with the government decision regarding Belco, but he also believes that this is the appropriate time to nationalize the Southern Peru Copper Corporation. Do you believe it would be wise for Peru to make that decision?

[Huayta] Well, every individual wants to get benefits for his own cause. I respect Barrantes' ideological position; I know that is what he said during the electoral campaign. Barrantes and the extreme left believe that everything must be nationalized. Centralized control by an autocratic authority does not coincide with the position advocated by APRA [American Popular Revolutionary Alliance]; neither does the liberal economy advocated by the extreme right. As advocated by Haya de la Torre, we support gradual nationalization.

Respecting that doctrine and faithful to that principle, APRA is now also complying with the Constitution in an environment of plural economy and enterprises. Therefore, in addition to a strong state company like Petroperu, there should also be strong and powerful private companies working for the benefit of the country.

I would like to make clear that, unlike the extreme left, we are not enemies of foreign capital. We welcome foreign capital to help us develop our country, but foreign capital should respect our Constitution and laws. We are not blind to that reality. We have technology, natural resources, and many problems. What we need is capital and, as Haya de la Torre said, one must know how to deal with capital. The way to deal with it is the great question. Now Haya's great pupil, Alan Garcia Perez, has just shown the world how to deal with foreign capital.

AGRICULTURE MINISTER BARTUREN RESIGNS

PY071105 Lima Panamericana Television Network in Spanish 0200 GMT 7 Jan 86

[Text] The government tonight accepted the resignation of Agriculture Minister Mario Barturen. Luis Alva Castro, president of the council of ministers and economy minister, announced that Barturen had resigned; the name of the new minister will be known in the next few hours.

Alva Castro made this announcement after a 1 and 1/2 hour meeting with President Alan Garcia in the presidential palace. He also said this will be the only change in the cabinet. Alva Castro pointed out that the government is a team working with the same spirit as when it began on 28 July 1985.

Regarding Mario Barturen's replacement, there are rumors that Deputy Remigio Morales Bermudez, Javier Santarian Arburu, head of the National Planning Institute, and Senator Alfredo Santamaria are the candidates. However, as Alva Castro said, the name of Barturen's replacement will be known in the next few hours.

TERRORIST ATTACKS INTENSIFY OVER WEEKEND

PY071732 Paris AFP in Spanish 2020 GMT 5 Jan 86

[Text] Lima, 5 Jan (AFP) -- Police reported in Lima today that terrorist activities intensified this weekend in Peru where several Shining Path attacks took place. Three power pylons were destroyed, a military base was attacked, the head of a peasants' neighborhood watch group was kidnapped, and military forces arrested 100 peasants.

The police reported that on 3 January, three hooded criminals, armed with guns, attacked the village of Huaytuna, in Huari Province, Ancash Department, northeast of Lima. They took Jose Huallpa, 42, from his house and killed him with three shots to the head in the presence of his wife and four children.

During the night, three other unidentified individuals fired at the residence of Julio Escobar, the head of the departmental development corporation in Huaraz, capital of Ancash Department, but Escobar's employees repelled the attack. On 4 Janaury, the car of Roberto Espejo, mayor of Huaraz, was destroyed with stones, presumably by subversives, but no one was injured.

Last night, Shining Path columns in Huanta, (Ayacucho), dynamited two pylons of the Cobriza-Huanta-Ayacucho power line causing a blackout in the town and nearby villages. They simultaneously attacked the military base of San Jose de Secce, where they detonated about 10 bombs before being violently repelled. No casualties or injuries were reported by the sources.

At the same time, in the small village of Chihua, another subversive column captured Renan Gutierrez, 50, head of the peasants' neighborhood watch groups, a local self-defense organization. The sources reported that Gutierrez' whereabouts are still unknown.

The police reported today that on 3 January, about 30 Army men raided the town of Lirio, where a fair was beginning. They arrested almost 100 peasants on charges of being terrorists. It was reported that the raid by the Carhuachuaran Military Base soldiers caused panic among the vendors and peasants participating in the fair, which was suspended until the situation returns to normal.

Meanwhile, in the past few hours, Army and police forces detained 30 individuals on suspicion of participating in the killings at Aguas Blancas, Huanuco Department, 423 km east of Lima, where a guerrilla column murdered 16 peasants in a sudden attack on 1 January. The 2d Army region reported at the time that the civilians, who defended themselves with sticks and stones, killed two of the guerrillas. The survivors fled into the jungle with the bodies of their comrades.

The police of the region, who yesterday released the list of victims, stated that the peasants were shot and beheaded with machetes. It also reported that only yesterday the head of Governor Agustin Rodriguez was found in an isolated place.

WAGNER TO LEAD DELEGATION TO CEREZO INAUGURATION

PY072103 Paris AFP in Spanish 1352 GMT 7 Jan 86

[Text] Lima, 7 Jan (AFP) -- The Foreign Ministry announced today in Lima that Foreign Minister Allan Wagner Tizon will lead a Peruvian delegation to the inauguration of Guatemalan President-elect Marco Vinicio Cerezo. Wagner will travel as President Alan Garcia's personal representative. The delegation will be comprised of Labor Minister Carlos Blancas, plenipotentiary Ambassador Percy Murillo, Ambassador to Guatemala Hernan Huerta Mercado, and adviser Oscar Mavila Marquina. The Guatemalan inauguration will take place 13-15 January.

The announcement also stated that Wagner and Murillo will go to Caracas, Venezuela, on 11-12 January to attend a meeting of the Contadora Group and the Lima group supporting the peace efforts in Central America.

UK FOREIGN MINISTER OF STATE MEETS GARCIA, WAGNER

PY072156 Paris AFP in Spanish 0300 GMT 7 Jan 86

[Text] Lima, 6 Jan (AFP) -- President Alan Garcia Perez today received the minister of state of the British Foreign and Commonwealth Office, Janet Mary Young at Government Palace; they talked for nearly an hour. Also present at the meeting were Foreign Minister Allan Wagner and the U.K. ambassador to Peru, John William Shakespeare.

The meeting was held privately, but it was learned that the issues discussed included bilateral cooperation and ways of promoting it, issues involving the foreign debt, trade protectionism, and financing, among other issues.

Young met with Foreign Minister Wagner at the Foreign Ministry shortly before the meeting with Garcia. She will be in Peru for 4 days and then will go to Costa Rica, Mexico, and the United States.

MINISTER TRAVELS TO DPRK, NOTES ARMS PURCHASE

PY072151 Paris AFP in Spanish 1553 GMT 7 Jan 86

[Text] Lima, 7 Jan (AFP) -- Shortly before leaving for the DPRK, Interior Deputy Minister Agustin Mantilla announced in Lima that Peru will purchase 10,000 rifles from that country. The purchase will total $920,000, the interior deputy minister said, adding that his visit will last 1 week.

Mantilla also announced that the program for modernization of the policy forces also contemplates the acquisition of radio equipment and 500 new patrol cars from local companies for the Civil Guard, the Republican Guard, and the Investigative Police.

In seeking to advance the struggle against terrorism and to provide maximum security for individuals and public buildings, Mantilla said that studies are being conducted on the purchase of arms and explosives detectors, which would then be installed in the Government Palace, the National Congress, Lima's airport, and other public buildings. Mantilla did not elaborate any furtheron the acquisition of detectors.

ECUADOR, PERU TO COOPERATE AGAINST DRUG RINGS

PY072214 Paris AFP in Spanish 1546 GMT 7 Jan 86

[Text] Lima, 7 Jan (AFP) -- Interior Deputy Minister Agustin Mantilla announced today in Lima that in February the Peruvian and Ecuadoran police will undertake joint actions against drug trafficking rings operating in the Peruvian-Ecuadoran border areas. Mantilla said that the actions will be similar to the so-called "Operation Condor" which, in coordination with Colombian police, has been staged since August 1985 along the extensive Peruvian-Colombian border areas in the Amazon.

The Peruvian-Ecuadoran cooperation concerning the repression of drug trafficking is currently being coordinated by the police chiefs of the two neighboring countries, Mantilla added.

Mantilla made this announcement today during a press conference held shortly before leaving for the DPRK. While in the DPRK, Mantilla will negotiate the purchase of 10,000 rifles as part of a program for the modernization of the Peruvian police.

DE LA MADRID ADDRESSES NATION ON NEW YEAR

PA071547 Mexico City XHDF Television Network in Spanish 0203 GMT 7 Jan 86

[New Year address to the nation by President Miguel de la Madrid in Mexico City -- live]

[Text] Good evening, fellow countrymen. I thank you for receiving me in your homes via radio and television. As in the past 3 years, I send you an affectionate New Year's greeting and will now share a few thoughts with you. Last year, 1985, was an especially difficult year. It held tragic days for us caused by the earthquakes in September. Economic conditions continue to be adverse. The balance shows progress in many fields, but we must acknowledge deadlocks and some retrocessions. Despite all of this, Mexico is still on its feet. Our struggle is persevering. We have kept the republic's institutions in full operation; we have strengthened and broadened liberties; there is unrestricted discussion and criticism of national problems; we overcame the emergency with civic-mindedness and solidarity; we are -- and few nations can say this -- at peace and friendship with all nations.

In response to problems and misfortunes, I have never felt lonely or discouraged. I have had the constant encouragement and responsibility of feeling the support of a great people. We Mexicans have a great deal to be proud of, not only of our past, but also our present. Our future is ensured by our vigorous and noble youth.

I have noted the need for a great national renewal movement. I am convinced that the problems that have affected Mexican society for many years are the result of basic insufficiencies in various aspects of national life and not only manifestations of temporary circumstances. These insufficiencies are not only the result of problems that have persisted for a long time, which we have not been able to overcome, but are also the result of the bewildering growth Mexican society has experienced in every aspect of its life. Each year our population grows by almost 2 million.

The urbanization process, the growth of cities, is intense and irreversible. Daily the social structure becomes more complex, communications grows, and an awareness of our reality and these challenges increase. Because of this extraordinary growth, our needs increase at a fast rate. Each year we need more food, homes, education, health services, and public services in general: water, drainage, electricity, transportation. We need more of everything, and there is a legitimate hope that these things we need more of will be better.

All of these needs call for greater production, and greater production can come about only if there is more work, saving, and investment. All of this calls for improved organization, more productivity, and a renewed willingness and spirit, all in all a greater and equally shared effort. We also need solidarity and confidence, confidence in and among ourselves. We need to be better at everything: in our studies and work, in politics and the economy, in our individual, family, and collective behavior. Each one of us, all of us are responsible. Each person must do his task better. We have what is needed. We are a strong and vigorous nation. The Mexican people are resilient, determined, and talented. We are nationalists because we have a common history, solidarity in the present, and the firm determination to move toward the future as a united and sovereign people.

We have natural resources, diversified natural resources. Our territory and our seas offer us the potential to make progress. The national project is contained in the Constitution. Its regulations control and guide us and respond to the Mexican people's secular struggle. We want to be an independent and sovereign nation.

We want to live in liberty and democracy, we want to prosper in justice, and we want to live in peace among ourselves and the other nations of the world. Therefore, it is not the basic laws or the country's institutions that we should change or want to change. We are trying to perfect them and make their application and operation efficient. We are determined that Mexico must have a dignified and honest government. We are making structural and qualitative changes that will eradicate negative apathy, obsolete practices, vices, and insufficiencies and generate new attitudes and behavior in politics, society, and the economy.

It is necessary to improve our democratic life. In order to accomplish this we will continue promoting well-balanced cooperation among the branches of state and strengthening the local government. We will continue making advances on the important municipal reform that we set in motion in December 1982. This reform is a powerful, democratizing movement because it serves to decentralize political power, permits more community participation in resolving their problems, and produces broader communication between the governing group and those being governed.

The existence of a multiparty system serves to mirror the country's most important ideologic currents. Its evolution makes evident the advantages of a political reform process that has opened new doors in the country's political life, which is in a permanent process of improvement.

We must promote the strengthening and developing of social organizations. Society, as I have said, is becoming increasingly complex and therefore more diversified. In order to be able to adequately organize it and make it function better, it is necessary for the various groups and sectors in all of the regions to be properly organized.

Society must take democracy to its organizations. In the countryside it must take democracy to the public lands, to the community, to the peasant organizations, to academic and professional institutions, and to businessmen's associations in all sectors: commerce, industry, the services.

The associations of professionals and technicians are another manifestation of the modernization the country has achieved thanks to the huge educational effort that has been made. The members of cooperatives should also become better organized in the framework of democracy and efficiency. Of course, democracy should also be evident within the political parties.

In a society such as ours, the full and active participation of women and young people in the national development effort is most important. The young people of Mexico have demonstrated and are fully and daily demonstrating that they are not just a future resource and current spectators, but an important majority participating in current events.

Democratization implies awareness of the true situation and an awareness of society and its problems. Awareness requires education and culture. Let us revolutionize education. Our quality as a nation depends on that. Our national subsistence depends on the conservation and renovation of our culture, which defines and identifies us. Let us maintain the basic unity of our national identity, but let us also recognize the pluralistic and regional richness of the nation. The family, schools, libraries, museums, the social media, work, sports, recreation, and life in towns, cities, and the countryside must become vehicles to permanently transmit, deepen, strengthen, and refresh our culture.

The decentralization of national life is another structural change that we are swiftly implementing, because through it we will prevent the phenomenon of concentration that results in inefficiency and risks. We confirmed that in Mexico City in September. That is why it is important that we spread development throughout our vast territory.

Let us strengthen mid-sized cities; let us promote growth in places outside overcrowded areas; let us modernize and make the countryside more productive to ensure that it will retain its people and to make life more pleasant there.

We are also committed to making important structural changes in the economic area to modernize and make the production apparatus of goods and services more efficient to offer society the material basis to raise living standards in a more just, egalitarian society. The most important structural changes were outlined in the National Development Plan and in sectorial plans. They include a tidying up of public finances, the rationalization and restructuring of the public sector, the growth of regional development, a review of protectionism, and a vigorous promotion of exports and tourism.

We have witnessed and suffered developments in our economy. In the coming year the economy will face two main structural imbalances: a deficit in public finances, that is, expenditures will be larger than revenues, and the vulnerability of our economic relations with other countries. We must continue to persevere in attacking these serious problems that are the source of inflation and the low economic development that characterize our economy at the present time. Therefore, the challenge is to establish the firm bases of a solid, stable, and sustained growth to support a broad and just social development and the independent, free, and just democracy to which Mexicans aspire.

To carry out these great tasks, we have the support of a great people: a vigorous, noble, talented, and tenacious people. With determination, Mexicans will respond to these great challenges. In 1986 Mexico will continue to conduct foreign relations with independence and dignity by first safeguarding national interests. We will continue to struggle for world peace, disarmament, respect for the sovereignty of the peoples, a peaceful solution to controversies, and international cooperation. In other words, we will continue to struggle for those principles that foster an international atmosphere within which Mexico can live in peace and enjoy full independence.

My meeting a few days ago with the U.S. President was held amid a climate of cordiality and cooperation. We reiterated our willingness to strive to create a cordial, fruitful, respectful, and dignified neighborhood. We also reiterated our common objective to broaden cooperation, reduce differences, and prevent conflicts. There is already some specific evidence of our cooperation: progress in commercial negotiation, financial support, investments in keeping with our laws, environmental clean-up operations at border points, the recovery of tourism, respectful cooperation in the struggle against drug trafficking, and, of course, technological and cultural exchanges. We will maintain this policy of promoting a beneficial neighborhood of real and dignified friendship.

Recently I also welcomed the Guatemalan president-elect. Mexico rejoices over the democratic process of its nearest brother country. I offered respect, friendship, and the cooperation deemed useful by his country within our possibilities.

Compatriots, Mexico enters 1986 facing difficult problems, but it also faces great opportunities -- the greatest one being the assumption of the great tasks of national renovation -- with enthusiasm and determination. There is no more beautiful or nobler task than consolidating the homeland, loving it over any personal interest, and working for it incessantly. This is our home, that we inherited through the efforts of our fathers, the home that we are all responsible for now, and the home that we will leave to our children. It is worthwhile and our duty to take care of it and to make it greater. We know how to do this; we will do it. I hope that the happiness of Mexicans in 1986 will be based on the satisfaction of a fulfilled duty. Happy new 1986 to all Mexicans.

Good evening, and thank you very much for your attention.

UN ENVOY VIEWS REAGAN-DE LA MADRID SUMMIT

FL071754 Mexico City NOTIMEX in Spanish 0420 GMT 7 Jan 86

[Excerpts] Mexico City, 6 Jan (NOTIMEX) -- The meeting of Presidents Miguel de la Madrid and Ronald Reagan was highly positive and revealed the situation of Mexican-U.S. bilateral relations, our ambassador to the United Nations Mario Moya Palencia said today.

Interviewed at Mexico City International Airport before he returned to New York, the Mexican ambassador stressed the dignity with which the Mexican chief of state defended Mexican interests and principles and the respect shown by the U.S. chief executive. He said there were coinciding points of view and also divergent points of view on bilateral and multilateral problems, as is natural in this type of meeting.

The Mexican ambassador to the United Nations underscored the fact that Mexican foreign policy is unvarying and in accordance with its traditional principles, which are consecrated in the San Francisco Charter, including self-determination of the peoples, nonintervention, the quality of the states, territorial integrity, and the peaceful solution of controversies.

The ambassador referred to the Central American conflict, stating that the Contadora Group continues to be the most viable option to resolve the problem, because Central America requires a global solution, not a military solution.

UNOMASUNO on Meeting Results

PA070403 Mexico City UNOMASUNO in Spanish 4 Jan 86 pp 1, 8

[Editorial: "Dialogue, an Endless Task"]

[Text] The fourth meeting of Miguel de la Madrid with Ronald Reagan took place under a variety of situations which the president described as most complex.

In the first place, the United States, just as with the rest of the Latin American nations, prefers bilateral relations, because in this way it reinforces its concept of Mexico as a country within the U.S. sphere of influence. Contrary to this, Mexico underscores multilateral matters, as they involve or pose issues related to international law where the concept of "spheres of influence" must be rejected as a threat to the freedom of the peoples. Such a concept, in fact, on which President De la Madrid has expressed his opposition, actually responds to the division of the world into two antagonistic blocs, used to determine the points of friction where the two superpowers, the United States and the USSR, bring into play their contrasting projects. In that respect, when Mexico reiterates its support for the principles of "nonintervention, free determination of the peoples, and the peaceful solution of differences," and applies them to the Central American problems, it is, in fact, invoking an essential doctrine for its foreign policy; that is, that the peoples are entitled to full self-determination in the face of the schemes of one or the other powers.

This brings us to the confrontation of two realities, that of two countries with differences in influence known to all, but which somehow establishes mutual limitations, while also recognizing mutual needs.

The diplomatic language in which these situations were treated, nonetheless, emphasized the two levels mentioned above: On one side, as the secretary of foreign relations stated, our country reaffirmed "most emphatically" the need to find negotiated solutions in Central America. That is, the signals of the president of the republic concerning the detente between the United States and the USSR and the hope to put an end to the arms race. On the other hand, it became evident in this aspect that President Reagan clearly intended to avoid multilateral matters, to concentrate his speech on bilateral issues. It remains to be seen if the U.S. chief executive will heed the exhortation to pay attention to the conclusions of the Cartagena Consensus. In this respect, it can be said that the U.S. position will continue to treat the Central American conflict as something of its own direct concern, while at the same time inviting Mexico to participate, shoulder to shoulder, in a policy intended to preserve democracy on the continent.

On bilateral issues, they were, as expected, more specific. They discussed such matters as drug trafficking, environmental pollution on the border, the tuna embargo by the United States, which appears about to be settled, the U.S. Senate ratification of the maritime boundaries treaty, the persistence in the search for adequate solutions to the problem of persons without personal identification papers, and the matters related to the debt and other financial and economic topics. The reader will observe that in some points, we have onl' pointed to the speicfic interest of Mexico to arrive at desired solutions. In other aspects, there seem to be tangible, if not spectacular, advances.

All the above poses not only the need but the unavoidability of these encounters. Beyond pointing to the most desirable solutions, the regular talks between the presidents of the two countries, of groups or committes, either institutionalized or created ad hoc, are, in fact, a kind of modus vivendi projected as an endless task, part of the substance on the basis of which, notwithstanding the differences, the history of the two countries will be determined. In this respect, they are nevertheless, an example, strengthened by the extent of goodwill involved, of how international conflicts should be handled.

BANK OF MEXICO REPORTS FOREIGN DEBT PAYMENTS

FL061758 Mexico City NOTIMEX in Spanish 1800 GMT 4 Jan 86

[Text] Mexico, 4 Jan (NOTIMEX) -- In 1985 Mexican industrial, commercial, and service enterprises of the private sector paid more than $1.266 billion to service their foreign debt of $12 billion. When reporting this, the Bank of Mexico said the foreign debt of Mexican private enterprise had been restructured with the Trust [Trust for the Coverage of Currency Exchange Risks] which was established by the federal government. The Central Bank said that covering exchange risks since 1983, when the Trust was created, to last November, the 1,200 private establishments existing in Mexico had transferred approximately $3.352 billion to their foreign creditors. Seventy-six percent of the resources sent abroad by the private sector -- $2.55 billion -- went to pay the interest on loans granted by the international banking community. The remaining $801.7 million, or 24 percent, was paid to the suppliers, the bank said.

It said that in 1985 the Trust, within its program to support new debts, consolidated resources worth more than $40 million and drew up plans to finance expansion of the country's factories, projects which will be amortized over a period of many years. In 1983 payments on the private debt and on the small portion of public debt covered by the Trust administered by the Bank of Mexico totaled $47.4 million at an average exchange rate of 137.76 Mexican pesos per dollar, which represents payments totalling 6.53 billion pesos, the bank said.

In 1984 it said, payments abroad totaled $1,277.5 million which, at an average exchange rate of 168.21 pesos per dollar, represented an expenditure of 214.885 billion pesos. In 1985 payments by the Trust up to 5 November totaled $1.226 billion, which at an exchange rate of 248.11 pesos per dollar is equivalent to 304.181 billion pesos.

During these 3 years total interest payments were $2,550.9 million or 525.596 billion pesos at an exchange rate of 206.04 pesos per dollar. All the payments of the enterprises included in the Trust system should have restructured their debts over a minimum period of 6 years, with a 3-year grace period for repayment of the capital.

Commitments Abroad Detailed

FL071756 Mexico City NOTIMEX in Spanish 0400 GMT 7 Jan 86

[Text] Mexico City (NOTIMEX) -- In the last 3 years, Bank of Mexico's commitments abroad and with various creditors increased by 973 billion pesos (over $2.58 billion). The balance was 1,167.8 billion last October.

According to Central Bank statistics, commitments abroad for the January-October 1985 period grew by 466.1 billion pesos while those made with various creditors increased by 55.1 billion pesos.

The most significant increases in commitments abroad and with various creditors were registered during last June, July, and October. Last January, commitments increased by 10.9 billion pesos, but in February they fell by 12.2 billion pesos. Last March they increased by 45.7 billion pesos; by 32.8 billion pesos in April; and by 27.5 billion pesos in May.

In June, they increased by 92.6 billion; in July by 179.1 billion; in August by 8.9 billion; and in September by 31.4 billion; but in October they skyrocketed to 104.5 billion pesos.

Durint 1983 commitments abroad increased by 76.3 billion pesos, while they grew by 68.5 billion pesos with various creditors.

GUATEMALA

CEREZO ON LAND REFORM, DEBT, C. AMERICA, MILITARY

PA070422 Caracas EL NACIONAL in Spanish 23 Dec 85 p D-1

[Interview with President-elect Vinicio Cerezo Arevalo by Alfredo Pena; date and place not given]

[Text] [Pena] What will be the major economic measures your government adopts after it assumes power on 14 January?

[Cerezo] Economic measures must respond to the sociopolitical situation. We could devalue the currency in response to the country's financial situation, but that would hurt the low and middle classes considerably. Some of the measures the IMF has recommended only make the economic contraction more acute.

[Pena] But the quetzal, which was once on a par with the dollar, has already been devalued. And your inflation rate is estimated at 35 percent, isn't it?

[Cerezo] Yes. The quetzal was indeed devalued, but financial speculation had much to do with that. The exchange rate to the dollar was determined by its street value. The rate of exchange reached 4 quetzales to the dollar at one point. Now it is down to 3. Its real value is between 1.50 and 1.90 quetzales to the dollar at this time.

[Pena] Isn't Guatemala, which is largely dependent on agriculture, ripe for profound land reform?

[Cerezo] Who makes that decision? What kind of land reform will we make? We cannot make one without knowing what the people want.

[Pena] What do you mean when you say you do not know what kind of land reform the people want?

[Cerezo] We really do not know. Land reform can mean giving people a plot of land to till. But there are peasants in Guatemala who have told me: We don't want land. We want jobs. Others complain that they were given lands but no technical or financial assistance. "We are starving. We'd rather this be handled by the Land Institute or the landowner again," they've said. Others have put it this way: Yes, we want lands, but we want to be helped in other ways so we can sell the produce we grow." [quotation marks as published] There are also peasants and Indians, most of whom own lands, who fear land reform because they believe their small tracts will be taken away from them. There are peasants in eastern Guatemala who have always voted for the extreme right-wing because it tells them to be wary of land reform because it will take away from them the little land that they have. Then what does the land reform mean to them? I believe that reforms and changes cannot be implemented without consulting the masses to know what they really want. I remember that the technical experts taught me that there are two kinds of needs: real needs and perceived needs. The technical experts decide which are real needs, and the people perceive the others. Before governments only dealt with real needs. They never responded to the needs people felt because they did not know what the people wanted. That is absolutely outrageous!

[Pena] The drama of Guatemala is largely a result of relations of property, in which a small group of people own most goods and services.

[Cerezo] The concentration of wealth in the hands of a few has led Guatemala into the tragedy it is experiencing, that and political rigidity. However, land reform cannot be implemented on the premise of ending land ownership at the cost of economic bankruptcy. Today's world incites us to unorthodoxy. If we want to take the land away from its current owners we will have to pay for it, even if only with paper. The cost of doing this -- paying less than market prices -- would be approximately 2 billion quetzales. The country would go bankrupt. We would have no money to give peasants financial and technical assistance. We would not be able to help them market their produce either.

[Pena] Then you are not planning to implement land reform.

[Cerezo] No, we are not. Neither have I been asked to do it.

Economic Policy

[Pena] What measures will you adopt in the field of finance?

[Cerezo] The financial situation is demanding a devaluation that would benefit the "production apparatus" -- that is, big business. As we have said, this has its pros and cons. There is no doubt that production must be given incentives to increase exports that will generate foreign exchange. However, if there are some who are unable to stay competitive, that's their problem. And if they want the government to help them, we will make demands on them. They will have to increase salaries and pay their taxes.

[Pena] Don't businessmen pay their taxes?

[Cerezo] They don't pay anything. On the average, taxes are paid on 10 percent of the revenues, the lowest in the world. We must implement a tax reform.

[Pena] What will be your policy on public credit? Where will government resources go?

[Cerezo] Who will we govern for? That is the question. Credit in Guatemala has been predominantly for the owners of the means of production.

[Pena] Who are without doubt the owners of the banks.

[Cerezo] Sure enough, but we have the advantage of having a state bank in Guatemala. We will obtain money abroad to grant inexpensive loans to medium and small producers. We will grant these loans through the state bank and private banks that are willing to do this. However, they will have to reduce their interests.

Competition, Subsidies, Prices, and Wages

[Pena] What will your policy be on competition, subsidies, prices, and wages?

[Cerezo] I will give you an example that will better illustrate what our policy in one of those areas will be. In our country there is a monopoly that establishes the price of cooking oil. It makes millions of dollars in profit. And now, despite how much it makes, it wants to increase prices. That goes against the people's interests. In this case, if they want to increase their prices without competing, we will answer by allowing foreign oil to enter Guatemala. It costs one-third of what our oil costs.

There is no reason why we should protect national industry if it works contrary to the people's interests. Let me give you another example: milk. This is a product that costs a bit more in my country than abroad but it gives us more jobs. The difference is minimum and the social cost compensates for absolutely everything. The local milk is of the best quality. However, it has been the target of unfair competition with the import of powder milk which we could produce in this country. The main goal of my government will be to favor the people.

[Pena] Would you permit the operation of a controlled market [mercado cautivo] where local production, in addition to being more expensive, would be of a lower quality?

[Cerezo] I won't permit it. The private sector must accept the rules of the game -- including true free competition -- if it hopes to get any state benefits.

[Pena] And what about wages?

[Cerezo] I don't necessarily favor a wage increase. I would rather go for a drop in prices. Every time you increase wages, the cost of living goes up.

[Pena] But it is not fair either for prices to go up while wages remain frozen.

[Cerezo] I have proposed an agreement between prices and wages. If a readjustment is made between the currency exchange rate and import and export goods, then there must also be a readjustment of salaries and wages. This is the only way we can increase the people's purchasing power.

[Pena] Wage increases must be in line with inflation.

[Cerezo] Yes, but effective mechanisms to guarantee a balance among the various factors of our economy must be accelerated.

The Foreign Debt

[Pena] How will you deal with the foreign debt problem?

[Cerezo] We will renegotiate it unilaterally, but we are willing to support a multilateral agreement to make the Latin American foreign debt problem a political problem. Latin America cannot sacrifice its development to pay the debt. The correct thing to do would be to reach an agreement to renegotiate jointly. We have accepted a unilateral renegotiation because we had no other choice.

[Pena] What actions will you take after you become president of Guatemala to promote this idea of joint renegotiation?

[Cerezo] I will establish contacts with the countries and the governments to bring up the advantages of miltilateral negotiations.

Contadora

[Pena] Contadora has made many efforts but had no concrete results. Perhaps this is why it has declared itself in a 5-month recess.

[Cerezo] We must reactivate Contadora before the 5 months are up. We are sentencing it to death and many things can happen in 5 months. This is our stand.

[Pena] Why do you think that Contadora "threw in the towel" for 5 months?

[Cerezo] Because it has not found the mechanisms and is afraid that everything might go down the drain. It would rather take more time. I think that is a mistake. Someone must take the initiative to seek the mechanisms to make an agreement possible.

[Pena] Contadora has not accomplished much in regard to demilitarization of the area. The bases, the foreign advisers, and everything the superpowers have in that region are still there.

[Cerezo] We cannot become involved in utopias and abstractions. The wrong path has been taken. For example, why don't we seek an agreement banning the import of offensive weapons? A defensive aircraft that will not fly more than 2 consecutive hours cannot attack any Central American country. Rifles are not offensive weapons.

[Pena] But if you tell Nicaraguans that, they will reply that they are besieged by the United States and that that superpower is trying to invade them from Honduras if it is not successful with its operations through the contras. . . .

[Cerezo] That is not true. They have no defensive means that can last more than 2 hours, enough to stop a U.S. invasion. [sentence as published]

[Pena] They claim that one or several neighboring armies supported by the United States would attack first.

[Cerezo] The truth is that El Salvador does not want that. Honduras couldn't invade Nicaragua by itself. It would need U.S. support. And there could be no joint Honduran-U.S. invasion without the support of El Salvador and Guatemala. Therefore, we must aim the negotiations toward practical matters -- technical, strategic, political, and military measures -- to make these negotiations work. We must conduct international relations without any abstractions and closer to practical matters in order to reach Central American agreements.

[Pena] President Reagan is convinced, and he has said so, that Nicaragua is the second Cuba on the continent. "That is a communist country," he has said.

[Cerezo] I do not criticize or support President Reagan's opinions. I rather respect them, although I don't totally agree with them. The Sandinists have ideologically defined themselves. One cannot deny that and the U.S President may be right about that. But the fact that he is right does not mean that we agree with his conclusions. A confrontation doesn't necessarily eliminate a communist state. One must use one's imagination and seek other mechanisms.

[Pena] What is your opinion about Nicaragua?

[Cerezo] I think Nicaragua must move on to pluralism and democracy. It has problems in this regard. Regardless its ideological position, it must decide if it will permit pluralism and democracy. To not permit them would be fomenting confrontation and war.

[Pena] You just visited Nicaragua. Did you tell that to President Ortega?

[Cerezo] I expressed my concern. I visited the opposition parties and listened to their complaints about pluralism. I am a true democrat. No situation justifies a dictatorship.

[Pena] How would you describe or characterize the Nicaraguan state?

[Cerezo] It is a state in conflict that must define itself. We must contribute to its opting for democracy and pluralization.

[Pena] What is the Nicaraguan Christian Democrats' position?

[Cerezo] They are carrying out internal political opposition activities to open a space, and I believe this attitude is correct. They must carry out internal political opposition activities without supporting armed actions that may lead to polarization and confrontation and that could lead to a Central American war.

[Pena] The heads of the Nicaraguan Government have said that the opposition does not want to participate in the democratization process. At the time of the elections they said the opposition abstained because it wanted to.

[Cerezo] I believe it was an error to abstain. However, if they are really going to carry out a consultation process, they should guarantee conditions for the opposition's participation. We maintain before the entire world that democracy and pluralism are the only way to achieve peace.

Cuba and the Caribbean

[Pena] Your opinion on Cuba and the Caribbean?

[Cerezo] We are interested in the Caribbean, and because of this we would like to find an honorable agreement for Guatemala and a respectable one for Belize in our conflict. Cuba is a concrete political problem. We are not prejudiced against it. At this time we do not maintain relations, but relations could be reestablished in the future. That will depend on the advantage for us because we will always place national interests and Latin American unity first.

The Military and Democracy

[Pena] Will the Guatemalan Armed Forces support the policies you are planning to carry out?

[Cerezo] They are supporting them now and I believe they will continue to support them for a while. However, we are not concerned about that; that is the Armed Forces' problem. If the Armed Forces attempt a coup, they will be faced with a war in Guatemala, with the risk of losing. The people are against the Armed Forces.

[Pena] That is not only the Armed Forces' problem. From the moment you take power you will be that institution's commander in chief.

[Cerezo] Yes, and I will give my orders. However, that is not my problem. I have done my duty and I will work in favor of democracy. They must respect the Constitution. If they violate it, they will be forced to silence the people with gunfire, then they would have to face the problems they are trying to avoid at this moment: political, economic, and military. Then we will see if they can hold out. My main priority is to establish and consolidate democracy, and we must do this through the effective functioning of popular consultation mechanisms.

NICARAGUA

D'ESCOTO ASKS HONDURAS TO RETURN HIJACKED PLANE

PA071757 Managua Domestic Service in Spanish 1638 GMT 7 Jan 86

[Protest note from Foreign Minister Miguel D'Escoto to Honduran Foreign Secretary Edgardo Paz Barnica; read from the Foreign Ministry's Information Directorate by an unidentified official -- live]

[Text] Tegucigalpa, Honduras

Mr Minister: I address Your Excellency to reiterate the text of my note dated 24 December 1985 in which I denounced air piracy actions that culminated with the hijacking of an AN-2 Nicaraguan plane with registration No 80. I also requested the immediate return of the aircraft held in Honduras' Toncontin Airport and the capture of the hijacker, Mr Salvador Blanco Silva [matronym as heard] in order to pursue his extradition to Nicaragua.

I must bring to Your Excellency's attention the fact that the Nicaraguan Government has learned of and is concerned about a communique issued by the Honduran Armed Forces on this incident because it virtually legitimizes the implementation of such deplorable actions in open violation of international law and treaties that are in force and that expressly condemn this kind of action and call for collaboration between states to prevent and suppress them.

In addition, the Nicaraguan Government is especially worried about the repetitive nature of these illicit actions, which are outlawed by the international juridical order.

In this regard, I must remind Your Excellency that on 13 September 1985, I denounced the hijacking of a small Cessna aircraft, flying under the Nicaraguan flag, which was also taken to the Toncontin Airport.

Those actions, added to the kidnapping of hundreds of Nicaraguan citizens, who are forcefully taken and detained in Hunduras -- as was the case with several members of the 50th Anniversary Educational Brigade -- and the use of Honduran soil for the implementation of aggressive and terrorist actions against Nicaragua, will transform that country into a base for terrorism and air piracy, should the Honduran Government fail to adopt emergency measures.

Moved by its concern over this situation, the Nicaraguan Government urgently calls on the Honduran Government to unconditionally and immediately return the last plane being held in Honduras, capture the culprit of this criminal action to pursue his extradition to Nicaragua, and release and repatriate Nicaraguan kidnapees being detained in your territory.

An attitude contrary to this by the Honduran Government would constitute a grave violation of its international commitments and a promotion of terrorism and air piracy in the Central American region.

I take advantage of this opportunity to reiterate my respects to Your Excellency.

[Signed] Miguel D'Escoto Brockman, foreign minister, Nicaragua

COLOMBIA UNSATISFIED BY MANAGUA'S M-19 DENIALS

PY080240 Paris AFP in Spanish 0219 GMT 8 Jan 86

[Text] Bogota, 7 Jan (AFP) -- President Daniel Ortega today stated that the incident with Colombia over alleged arms supplies to the M-19 guerrilla organization and a mass service in Managua at which the flag of that Colombian subversive movement was shown has been overcome.

In statements to the Radio CARACOL Radio Network of Bogota, Ortega also stated that there are no reasons for the relationship between Colombia and Nicaragua to be affected. Ortega also felt that the explanation given to Colombia by Foreign Minister D'Escoto regarding the presence of Interior Minister Commander Tomas Borge at the mass is clear.

Nevertheless, tonight a communique was released by the Colombian Government in Bogota announcing that it will ask Nicaragua to further explain Borge's presence at that mass held on 10 November in the Santa Maria de los Angeles Church in Managua. According to press reports, during that mass an M-19 flag was unfolded on the altar and the memory of the M-19 guerrillas who died in the bloody occupation of the Bogota Palace of Justice was extolled.

Ortega told the radio station that Borge had attended the mass as a representative of the Sandinist Government because it was a mass held in the memory of Communications Minister Enrique Schmidt. That date was the first anniversary of his death at the hands of mercenary and terrorist forces sent to us by the government of U.S. President Ronald Reagan.

The Nicaraguan president then accused the United States of trying to cause a confrontation between Nicaragua and Colombia. We believe that there is no reason for confrontation, he said.

Finally, Ortega acknowledged Colombia's role as mediator within the Contadora Group (Colombia, Mexico, Panama and Venezuela), which is seeking a solution to the Central American conflict.

MARCHERS FOR PEACE PROTEST AT U.S. EMBASSY

PA062005 Managua Radio Sandino in Spanish 1750 GMT 6 Jan 86

[Text] Pacifists of Europe and Latin America participating in the March for Peace in Central America today staged a demonstration in front of the UN offices to demand the right to pass through the Central American countries. They accused the U.S. Government of exerting pressure on Central American governments to refuse them the right to pass that they are entitled to.

These pacifists also gathered in front of the U.S. Embassy this morning to protest the U.S. intervention in the countries of the area.

CABEZAS' REQUEST FOR U.S. VISA DELAYED

PA070337 Managua BARRICADA in Spanish 6 Jan 86 p 1

[Text] The U.S. Embassy in Managua has not yet granted the visa requested before Christmas by guerrilla commander and writer Omar Cabezas. Cabezas has been invited as guest of honor to the 48th Congress of the Pen Club, one of the organizations best known around the world.

Commander Omar Cabezas himself, who is deputy interior minister, confirmed the report, adding that he has also requested a visa for his wife and retinue and attached a copy of the personal invitation sent by the president of the Pen Club, Norman Mailer.

"They invited me to speak before the congress on the subject of the writer with a national identity. To be a guest of honor of the Pen Club is also an honor for us. Writers such as Ernest Hemingway and Pablo Neruda have been among their guests. Companera Rosario Murillo has also been invited. I have personally notified the executive director of the Pen Club, Terry Kennerly, who said they would try to work out something with the State Department. However, we have not had an answer yet, and we are close to the date."

This is a new obstacle placed by the United States against a Nicaraguan invited to that country by a world-renowned organization. The same thing happened to commanders of the Revolution Tomas Borge and Daniel Ortega. And all this has been done with the evident approval of the Reagan administration, which hinders and sabotages the relations, even the cultural relations, between the two countries. It is to be expected that Washington will review this violation, which is an attack against the rights of the U.S. people.

VICE PRESIDENT RAMIREZ ON CONTADORA, PEACE

PA051952 Managua Radio Sandino in Spanish 1300 GMT 5 Jan 86

[Text] Nicaragua is prepared to make commitments in the framework of the Contadora Group, but for this to happen Nicaragua must receive guarantees that it will not continue being a victim of foreign military aggression. This statement was made yesterday in Guatemala by Vice President Dr Sergio Ramirez Mercado.

At a news conference the Sandinist leader said Nicaragua is firm in its decision to search for a peaceful way out of the Central American conflict. He said he believes that the changes in the governments of the area have made it possible for Contadora to be given a new perspective.

He said that chiefs of state from the region will be present for the presidential inauguration of Guatemalan President-Elect Vinicio Cerezo, and they could take advantage of this occasion to discuss the Contadora Group peace process.

Dr. Ramirez Mercado pointed out that the calm, mature, and responsible way that the outgoing government of Guatemalan Chief of State General Oscar Mejia Victores dealt with the difficult problems in Central America contributed to preventing a further deterioration in the Central American situation.

Finally, the vice president of Nicaragua noted that his fatherland and Guatemala have been historically and geographically united.

This morning Sergio Ramirez will meet with Guatemalan political, business, and intellectual sectors. The Sandinist leader was present for the opening of the 3d Central American Games for Peace in Guatemala.

Last night he met with outgoing Chief of State Gen Oscar Mejia Victores. In the afternoon he met with Foreign Minister Fernando Andrade. This afternoon, shortly before leaving the Guatemalan capital, Dr. Ramirez Mercado will grant a news conference to the media accredited in Guatemala.

D'ESCOTO SAYS U.S. 'BLOCKED' CONTADORA IN 1985

PA030419 Managua Radio Sandino in Spanish 1200 GMT 2 Jan 86

[Excerpts] Foreign Minister Father Miguel D'Escoto has said that Washington blocked Contadora in 1985. Summing up the Contadora Group's efforts for peace in Central America, D'Escoto said the U.S. Government prevented the signing of a regional accord. Regarding the possibility that some governments of the region might be willing to sign the peace document, D'Escoto said he could not see these countries taking the reins of their own destinies and determining their future apart from the imperialists' whims and will.

He also said this does not mean that Contadora cannot go on, because the group has other things to do. As long as the United States stubbornly tries to impose its will through force, no peace accord can be signed for detente in Central America, D'Escoto also said.

[Begin D'Escoto recording] I feel it is evident that there are very serious problems in Contadora. It has been blocked, at least in the possibility of a regional accord being signed. Little more than 1 year ago the U.S. Government said in a secret National Security Council document, the contents of which were leaked to the press, that it had succeeded in blocking Contadora and had prevented the signing of a regional accord. The United States has continued to block these efforts.

This does not mean, however, that Contadora cannot go on. There are other things to do. The accord will not become effective as long as the United States continues to use certain regional governments to turn the Contadora proposal into -- as they themselves say in their famous secret document -- something good for U.S. interests. Their interests are not the same as those of Central America, of course. As long as they maintain this stance, I feel it will be impossible to sign a document leading to peace in Central America.

In addition, what use would it be? The United States will not abide by the decisions embodied in a regional treaty that this country has not even signed. The United States does not even respect treaties that it has signed with Nicaragua, such as the commerce, navigation, and friendship treaty. The United States freely signed a treaty at the International Court of Justice in the Hague accepting the court's decisions. As you have seen, the United States has raised obstacles in order to evade the court's decisions. This turns the United States into an unlawful country and a fugitive from justice. [end recording]

ASTORGA DISCUSSES CONTADORA, U.S. WITH TELAM

PY061430 Buenos Aires TELAM in Spanish 2308 GMT 4 Jan 86

[Text] Buenos Aires, 4 Jan (TELAM) -- Deputy Foreign Minister Nora Astorga today said the U.S. policy toward her country is producing unintended effects in the United States because there is solidarity with and understanding toward Nicaragua in that country, which perhaps is not realized. During an appearance on Radio Belgrano, the Sandinist government official indicated that the United States apparently has no intention of solving the problem through peaceful means.

As for the Contadora Group, Astorga affirmed that during the 3 and 1/2 years it has been working, we have been the ones who have tried to make the group known and secure support for it, and we are the ones who have made concessions when bilateral problems have arisen.

She denied that her country supplies arms to the Salvadoran guerrillas, and pointed out that the only arms that are being [words indistinct] Central America are the ones that [words indistinct] the counterrevolutionaries in Nicaragua.

Revolutions cannot be exported, she said, adding that whenever internal conditions of injustice and oppression exist in a country, and other means of expression of the popular will do not, people resort to other means to change the structure of the state.

NEW SALARY INCREASES EFFECTIVE 1 JAN ANNOUNCED

PA031936 Managua Radio Noticias in Spanish 1200 GMT 2 Jan 86

[Report by William Montiel y Pena]

[Text] Beginning 1 January salaries were increased. We will review the wage scales as they are now: Category 1 workers will go from 4,500 cordobas to 7,100 cordobas. Category 2 workers will go from 5,400 cordobas to 9,000 cordobas. Category 3 workers will go from 6,300 cordobas to 10,900 cordobas. Category 4 workers will go from 7,200 cordobas to 14,700 cordobas. Category 5 workers will go from 8,100 cordobas to 14,700 cordobas. Category 6 workers will go from 9,000 cordobas to 16,000 cordobas. Category 7 workers will go from 9,900 cordobas to 18,500 cordobas. Category 8 workers will go from 10,800 cordobas to 20,400 cordobas. Category 9 workers will go from 11,800 cordobas to 22,300 cordobas. Category 10 workers will go from 12,700 cordobas to 24,200 cordobas.

Category 11 workers will go from 13,600 cordobas to 26,100 cordobas. Category 12 workers will go from 14,500 cordobas to 28,000 cordobas. Category 13 workers will go from 15,400 cordobas to 29,900 cordobas. Category 14 workers will go from 16,300 cordobas to 31,800 cordobas. Category 15 workers will go from 17,200 cordobas to 33,700 cordobas. Category 16 workers will go from 18,100 cordobas to 35,600 cordobas. Category 17 workers will go from 19,000 cordobas to 37,500 cordobas. Category 18 workers will go from 19,900 cordobas to 39,400 cordobas. Category 19 workers will go from 20,800 cordobas to 41,300 cordobas. Category 20 workers will go from 21,100 cordobas to 43,200 cordobas.

Category 21 workers will go from 22,600 cordobas to 45,100 cordobas. Category 22 workers will go from 23,500 cordobas to 47,000 cordobas. Category 23 workers will go from 24,400 cordobas to 48,900 cordobas. Category 24 workers will go from 25,300 cordobas to 50,800 cordobas. Category 25 workers will go from 26,200 cordobas to 52,700 cordobas. Category 26 workers will go from 27,100 cordobas to 54,600 cordobas. Category 27 workers will go from 28,000 cordobas to 56,500 cordobas. Category 28 workers will go from 28,900 cordobas to 58,400 cordobas.

FOREIGN MINISTRY REACTS TO CASTRO HEALTH RUMORS

PA080316 Havana International Service in Spanish 0300 GMT 8 Jan 86

[Text] Radio stations managed by counterrevolutionaries of Cuban origin who are living on U.S. territory and working for that country's government have issued a base lie concerning Cuban President Fidel Castro's health. Cuban Foreign Ministry officials were questioned by the PRENSA LATINA news agency; they said it is not worthwhile to waste one's time refuting these speculations because they are normal among these stations in their desperate efforts to gain listeners, without respect for the most elemental norms and ethics.

CASTRO TOURS SALVADOR ALLENDE HOSPITAL

FL070336 Havana Radio Reloj Network in Spanish 0304 GMT 7 Jan 86

[Excerpt] The Salvador Allende Hospital's workers' attention and efforts to achieve the model level have been praised by Fidel Castro during two recent tours. In his tours of the installation, the first of its kind to reach the model level, Castro expressed his interest in the creation of the intensive and intermediate care units.

MINISTRY SCORES U.S. 'PROVOCATIONS' AGAINST LIBYA

FL080254 Havana Radio Reloj Network in Spanish 0202 GMT 8 Jan 86

[Text] The Cuban Foreign Ministry has condemned today U.S. threats of economic sanctions and military provocations against Libya. The text of the declaration criticizes the U.S. press campaign trying to justify military and economic actions against Libya. The document says that after a propaganda campaign trying to involve Libya in the recent attacks against the Israeli El Al Airlines, the U.S. Government ordered several naval fleets to the Mediterranean toward the northern coast of Africa and has placed other military forces in Europe on alert.

According to Pentagon sources, the purpose of the naval movement is to place these units in position in case President Ronald Reagan orders an attack against Libya.

HUNGARY'S MARJAI IN HAVANA FOR COOPERATION TALKS

LD080656 Budapest in Hungarian to Australia and New Zealand 1000 GMT 7 Jan 86

[Text] Jozsef Marjai, deputy premier, is holding talks on Cuban-Hangarian economic relations in Havana. At the present session of the economic and technical-scientific cooperation committee of the two countries the tasks of socialist integration and the international situation are being discussed.

Meets With Rodriguez

FL071516 Havana Radio Progreso Network in Spanish 1200 GMT 7 Jan 86

[Text] Carlos Rafael Rodriguez, vice president of the Councils of State and Ministers, has received Jozsef Marjai, deputy premier of the Hungarian Council of Ministers, in Havana. Marjai heads the Hungarian delegation participating in the fourth meeting of the joint Cuban-Hungarian intergovernmental commission for economic, scientific, and technical cooperation.

CSSR CULTURE MINISTER MEETS WITH HART DAVALOS

FL080154 Havana Television Service in Spanish 0100 GMT 8 Jan 86

[Text] Armando Hart Davalos, Communist Party of Cuba Politburo member and culture minister, has met with Milan Klusak, CSSR culture minister, who is briefly visiting Cuba on his way to Nicaragua.

LEADERS CONGRATULATE CASTRO ON 1 JAN ANNIVERSARY

Nicaragua's Ortega Sends Message

FL021328 Havana Radio Progreso Network in Spanish 1200 GMT 2 Jan 86

[Text] Nicaraguan chief of state Daniel Ortega has sent a message to President Fidel Castro in which he notes that the Cuban revolution represents profound progress for countries defending their people's inalienable rights for freedom and social advancement. Ortega's message, on the occasion of the 27th anniversary of the triumph of the revolution, indicates that Cuba's achievements, in a region where countries have been struggling amid poverty and oppression, constitutes an example which encourages Latin America's struggle to achieve an honorable and fair life.

Tunisian Leaders Note Date

FL070328 Havana Radio Reloj Network in Spanish 0302 GMT 7 Jan 86

[Text] On the occasion of the national revolution, 1 January, Tunisian President Habib Bourguiba has sent a message congratulating Commander in Chief Fidel Castro. A similar message was sent to the chief of the Cuban revolution by Tunisian Prime Minister Mohamed Mzali.

Ethiopia Guyana Leaders Write

PA041930 Havana International Service in Spanish 0000 GMT 3 Jan 86

[Text] Ethiopian President Mengistu Haile Mariam has sent a congratulatory message to the Cuban people and Government on the occasion of the 27th anniversary of the triumph of the revolution. In a letter to Cuban President Fidel Castro, the Ethiopian president states his satisfaction with the excellent fraternal relations between the two countries.

In congratulating the chief of state on the anniversary of the revolution, Guyanese President Desmond Hoyte said he is in favor of continuing strengthening relations between the two nations. The Guyanese note states: The celebration of a new anniversary of the Cuban revolution is also a celebration of the achievements of a firm, hard-working, and victorious people who are committed to safeguarding their independence and the development of their nation.

PERUVIAN SUGAR TECHNICIANS TO RECEIVE TRAINING

FL071454 Havana Radio Progreso Network in Spanish 1200 GMT 7 Jan 86

[Text] Lima -- Prime Minister Luis Alva Castro has revealed that a group of Peruvian technicians will travel to Cuba to take training courses and receive instruction in Cuban sugar industry installations.

Alva Castro said the trip is the result of conversations he had in Havana with President Fidel Castro during the trip he made to Cuba in late December and early January. He also announced that a group of Cuban athletes will soon arrive in Peru to teach new techniques and strategies in sports activities.

CIENFUEGOS WORKERS REPORT PRODUCTION RESULTS

FL080040 Havana Radio Rebelde Network in Spanish 0000 GMT 8 Jan 86

[Text] Cienfuegos electro-nuclear center workers have sent a letter to Commander in Chief Fidel Castro in which they report on their efforts during 1985. They also pledge to complete their 1986 goals in production and defense. The letter indicates that on 30 December production was valued at 58 million pesos, 100 percent of the technical-economic plan with a growth rate of 18 percent. The letter says that industrial construction group number 6 has 9,800 workers from the 14 Cuban provinces, and their production during 1985 is valued at more than 79 million pesos. That amount represents 108 percent completion of their plan and a growth rate of 21 percent. They completed 19 works as well as 648 homes in the nuclear city. They also achieved postive results in efficiency and conservation of combustible and electrical energy.

TOURISM RANKS THIRD IN ECONOMY; GROWTH TO CONTINUE

FL070254 Havana Television Service in Spanish 0100 GMT 7 Jan 86

[Excerpts] Tourism is now Cuba's third-ranking economic product. During the last 5 years tourism has brought into the country approximately 400 million pesos, a figure that should grow to 600 million pesos in 1986-90. To achieve this, we need to invest 500 million pesos in remodeling and new construction. The quality of services offered by the National Institute of Tourism, INTUR, has to be improved. Investments have been made to improve services.

The sixth Cuba-Tur 85 convention was another success with the attendance of approximately 500 delegates from 30 countries. New markets were opened, for example, with South America.

GRENADA

FORMER MINISTER'S HOME SEARCHED FOR ARMS

FL072222 Bridgetown CANA in English 2200 GMT 7 Jan 86

[Text] St Georges, Grenada, Jan 7, CANA -- Former Grenada Agriculture Minister George Louison was detained briefly by police today after they carried out an apparently unsuccessful search at his home for arms and ammunition.

The action came as three more Grenadians appeared in a magistrate's court on charges in connection with alleged illegal military training and exercises. The three -- Denzil Walcott and cousins Allan and Leslie Francique from the rural district of Richomond in the northern parish of St Andrews brought to nine the number of men charged within the past two weeks. All nine, six of whom are said to be former members of the disbanded People's Revolutionary Army, are due to reappear in court on Thursday.

Louison was picked up at his home at Concord on the island's west coast and taken to police headquarters in St Georges for questioning. He was released three hours later. A senior police officer told CANA Louison's detention and questioning was a matter of security.

Commenting on the matter, Louison's leftist Maurice Bishop Patriotic Movement [MBPM] said: It is a vulgar and childish attempt to link our party with fictitious plots invented by the regime during the past two weeks -- a clear reference to the military training charges. Louison told CANA that the police told him after the dawn search that they had had a report that he had been seen yesterday moving boxes or arms and ammunition from a yacht on Grenada's west coast. That is an absolutely fictitious report, Louison said, and I told the police it must be the result of someone's flight of fancy. We are very clear in our minds that this is another attempt by the Yankee invaders to create a certain measure of instability in Grenada so as to keep the population always in fear, to keep the people of Grenada always under some kind of threat, and it is an attempt to try and bring the MBPM into that, he said.

The MBPM's statement called on the regime to immediately end all harrassment of our party leadership and the Grenadian people. We demand an apology from the minister of police affairs and call on the commissioner of police to carry out an investigation into and punish those responsible for this abuse of the law, it said. Louison was a minister in the leftwing people's revolutionary government which ruled Grenada for 4-1/2 years before it fell in a palace coup. U.S. forces invaded the island and removed the shortlived military government.

Barrister Michael Andrews, representing the three defendants who appeared in court today, dubbed the charged frivolous and said if the police were not ready to proceed with the case, he will demand bail for his clients. If there are frequent adjournments of this case, he said, it will make more problems for the security of the state. The hearing in the magistrate's court will be a preliminary inquiry to determine whether the accused have a case to answer.

NETHERLANDS ANTILLES

NETHERLANDS MINISTER ARRIVES, TO DISCUSS AID

FL072025 Bridgetown CANA in English 1933 GMT 7 Jan 86

[Text] Willemstad, Curacao, Jan 7, CANA-REUTER -- Dutch Minister with responsibility for overseas territories Jan de Koning has arrived in the Netherlands Antilles to discuss new aid projects for 1985.

De Koning arrived in Curacao yesterday and is due to visit each of the five islands in the Netherlands Antilles and Aruba, which split away from the self-governing federation on January 1 as a first step towards independence in 1996. Officials described his trip as a routine visit, during which the islands would propose projects to be financed by The Hague's annual aid allocation of 250 million Dutch guilders (191 million dollars). De Koning is due to remain in the Caribbean until January 14.

ST LUCIA

GOVERNMENT TO ATTEND GUYANA CARICOM MEETING

FL072205 Bridgetown CANA in English 2123 GMT 7 Jan 86

[Text] Castries, St Lucia, Jan 7, CANA -- Prime Minister John Compton says St Lucia will attend this month's Caribbean Community (Caricom) Council of Ministers meeting in Guyana, in spite of the recent souring of relations between the two states. The Guyana Government issued a scathing attack on Compton after he commented on opposition allegations of fraud in the December 9 general elections. Compton called on the Hoyte administration to ensure that its actions relating to free and fair elections and respect for human rights do not fall short of that expected from members of the Caribbean community. In response the Guyana Government issued a statement describing the comment as inappropriate, unacceptable, and curiously pathetic.

Compton said he was surprised at the level of response from the Guyana Government, adding that its reference to St Lucia as being only a speck of dust was even more interesting. He said the statement from Guyana would not deter St Lucia from participating in the Council of Ministers meeting. In spite of differences between member states the business of the Caribbean community must always be given priority, Compton said.

St Lucia will be represented by Trade and Industry Minister George Mallet at the Georgetown meeting which will review regional trade.

Meanwhile, the privately owned VOICE newspaper has called on Caricom governments to come to grips with the current situation in Guyana in a firm and meaningful way. The bi-weekly newspaper urged the leaders to devise a mechanism to ensure that the same treatment is meted out to any other country in the region which violates its citizens' fundamental human rights. The heads of government were also asked to decide whether they can give the Desmond Hoyte government any further legitimacy by attending this year's Caricom heads of government summit meeting in Guyana.

TRINIDAD AND TOBAGO

NEW HIGH COMMISSIONER TO LONDON NAMED

FL032358 Bridgetown CANA in English 2326 GMT 3 Jan 86

[Excerpt] Port-of-Spain, Trinidad, Jan 3, CANA -- Sports, Culture and Youth Affairs Minister Senator Dr Basil Ince is to become Trinidad and Tobago's new high commissioner to London, the government announced tonight. Ince, 55, was external affairs minister until a cabinet reshuffle last March.

CHRONICLE ASSAILS RIGHTS VIOLATIONS ACCUSATIONS

FL072354 Bridgetown CANA in English 2325 GMT 7 Jan 86

[Text] Georgetown, Jan 7, CANA -- The government-controlled Guyana CHRONICLE, in a page one comment, today lashed out frantically at Caribbean critics of alleged human rights abuses here in the wake of December 9 general elections, which opposition parties contend were rigged. It called the myriad criticisms and expressions of concern about developments here utterly uninformed and otherwise misinformed noises by men of less foresight and much narrower vision who have sought to make pariahs of us.

Said the CHRONICLE: By and large, we have gone about our business quietly, peacefully, minding our own business, not concerning ourselves about the many skeletons in other people's cupboards and ignoring the uninformed and misinformed mouthings about our green and dear land and its progressive leaders. But enough is enough. There are some who, apparently, have mistaken our long silence for timidity and have grown to believe, as President Hoyte has said, that we are fair game.

The paper attacked, among others, General Secretary of the Caribbean Conference of Churches Alan Kirton for his officiousness and presumption in seeking to pronounce upon Guyana's domestic affairs. We remember too the utterances of the prime ministers of St Lucia and St Vincent and the Grenadines and a former Barbados foreign minister, among others.

And in more recent days, we have witnessed Reverend Harold Crichlow of Barbados and Reverend Jerry Seale also of Barbados jumping upon the bandwagon, apparently unmindful about whether they are hell-bound as they make their unintelligible guttural sounds about Guyana.

The commentary continued: But even of more recent vintage, we have learnt that Jesuit priest Patrick Connors, a citizen of the United Kingdom who had overstayed his welcome here after being succoured for the two decades and who refused to leave our country when asked to do so, has suddenly discovered that Guyana is second only to hell. This was a reference to the British-born priest expelled by the government last week after 21 years in the service of the Roman Catholic Church here. Connors deportation, for unstated activities inimical to the state, followed support by Guyana's mainstream churches for opposition allegations that last month's poll was staged by the ruling Peoples National Congress (PNC). The PNC denies the charge.

The CHRONICLE said the bablings of these gentlemen have been matched only by the mischievousness of some unworthy citizens of the republic -- whether by birth or by naturalisation. But the clarion call has been sounded. We the true sons and daughters of the soil will be standing up for Guyana. We will no longer sit idly by, apparently fettered and tongue-tied, ridiculed and riled, while our beloved country, they wickedly crucify.

UDENHOUT VISITS BRAZIL, $20-MILLION LOAN, PROPOSED

FL062136 Bridgetown CANA in English 1842 GMT 6 Jan 86

[Text] Paramaribo, Jan 5, CANA -- Brazil has offered Suriname a U.S. 20 million dollar line of credit for 1986 and has also undertaken to increase its importation of Surinamese alumina from 88,000 tons to 130,000 tons, according to Prime Minister Win Udenhout. He said the alumina deal will run until 1990 when Brazil will start producing its own alumina.

Udenhout recently visited Brazil, for what was an examination of relations to see if the present Brazilian Government's position with regard to agreements concluded between the former government in Brasilia and the Suriname administration had changed and, if so, in which areas. According to the prime minister, another aim of the visit was to discuss correction of the trade balance between the two countries, which is in Brazil's favour. He explained that the credit line will be used to purchase capital goods, raw materials for local industries, and necessary consumer items. The planned increase in alumina shipments to Brazil will correct the balance of trade between the two countries, the prime minister told reporters.

The Brazilian Government is said to have pledged to make a survey of the possibilities for the importation of other important products from Suriname. The two governments will identify other mechanisms for promoting trade such as the establishment of joint ventures, the prime minister reported. A protocol on technical and scientific cooperation in the areas of agriculture, agro-industry, fisheries, forestry resources, and renewable energy sources was signed by the two countries in 1983. Officials here said it would be expanded to include mining and related industries.

ASSEMBLY BLOCS OPPOSE MEDIA CONTROL PLAN

PM071425 Rotterdam NRC HANDELSBLAD in Dutch 23 Dec 85 p 4

[ANP report: "Surinamese Assembly Opposed to Plan for State Media Control"]

[Text] The Hague/Paramaribo, 23 Dec -- Last week almost all of the groupings in the Surinamese National Assembly spoke out against state control of the country's media, as proposed in the recently published "political framework" which is to form the basis of a new constitution. The political framework states that the press, radio, and television must to a significant extent be state property in order to give substance to the right of free expression.

The framework articulates above all the views of the 25 February Movement, which is led by a group of three officers under the leadership of Army Commander Desi Bouterse. The 25 February grouping in the National Assembly was the only group not to raise serious reservations during the discussion of the framework in the assembly last week.

The assembly also voiced criticism of the terms "exploitation," "neocolonialism," "imperialism," and "foreign domination," which are used several times in the framework. The employers' group said that Suriname should look within itself for the source of possible shortcomings.

Lieutenant Chas Mijnals of the 25 February Movement spoke out against this criticism. "If the terms to which exception has been taken are omitted from the political framework, the document would be deprived of its most fundamental aspects," Mijnals said.

BOLIVIA

GOVERNMENT MODIFIES COMPULSORY LOAN DECREE

PY071518 La Paz Cadena Panamericana in Spanish 1130 GMT 7 Jan 86

[Excerpt] The compulsory loan decree has been modified. This information was supplied by Information Minister Reynaldo Peters after a cabinet meeting held this morning.

[Begin Peters recording] The threshold for the compulsory loan has been raised to $40,000, at the prevailing exchange rate. The compulsory loan will be calculated on any amount in excess of $40,000. This means that all those whose real estate holdings do not exceed $40,000 will not be affected by the compulsory loan decree. Those whose holdings are worth more than $40,000 will pay proportionately to the amount in excess of $40,000. [end recording]

The compulsory loans to be provided by vehicle owners have also been modified, and new categories have been created.

BRIEFS

CHIEF OF STAFF INSTALLED -- Army Commander in Chief General Guillermo Velez Salmon installed on 20 December General Simon Subieta Sanabria as Army chief of staff. [Excerpt] [La Paz PRESENCIA in Spanish 21 Dec 85 p 7 PY]

COCAINE SEIZED IN COCHABAMBA -- Cochabamba, 20 Dec (PRESENCIA) -- During a raid carried out in Jorge Wilsterman Airport, the Narcotics Office seized 19 kg of cocaine in transit to Guayamerin, a city in northeastern Bolivia. According to official reports, the cache was hidden inside two briefcases. [Excerpt] [La Paz PRESENCIA in Spanish 21 Dec 85 p 5 PY]

URUGUAY

BRIEFS

DEPUTY TO SOUTH KOREA -- Montevideo, 4 Jan (AFP) -- Antonio Marchesano, president of the Uruguayan Chamber of Deputies, left this afternoon for South Korea to begin a 3-week tour including Indonesia, Hong Kong and Taipei. [Summary] [Paris AFP in Spanish 2351 GMT 4 Jan 86 PY]

REPORT ON 1985 EXPORTS -- Montevideo, 4 Jan (AFP) -- The Foreign Ministry today disclosed that the United States and Brazil were the main purchasers of Uruguayan products during 1985. Uruguayan exports during 1985 amounted to $834 million, of which 15.3 percent were sales to the United States, 14.8 percent to Brazil, 7.7 percent to the FRG, 7.5 percent to Iran, and 7.4 percent to Argentina. [Text] [Paris AFP in Spanish 1652 GMT 4 Jan 86 PY]

SALARY, EMPLOYMENT STATISTICS -- Montevideo, 4 Jan (EFE) -- The government has reported that real salaries increased 10.37 percent in the first 10 months of 1985. The unemployment rate in November 1985 was 12.71 percent, the lowest in 2 years. [Summary] [Madrid EFE in Spanish 2147 GMT 4 Jan 86 PY]